

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 CIAE-00 INR-07 NSAE-00

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FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 6695

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY ATHENS

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

AMEMBASSY SANA

AMEMBASSY LONDON

AMEMBASSY MUSCAT

AMEMBASSY MANAMA

AMCONS DHAHRAN

ZNE/USINT BAGHDAD

AMEMBASSY PARIS

AMEMBASSY BRUSSELS

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SUBJECT: STATUS OF AMERICAN BUSINESS OFFICES IN BEIRUT - "TIME"
ARTICLE

REF: BEIRUT 12539

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BEGIN SUMMARY: STATUS OF AMERICAN BUSINESS OFFICES IN

BEIRUT IS STILL BAIRLY ACCURATELY REFLECTED IN BEIRUT 12539, DESPITE ARTICLE ON U.S. BUSINESS HERE APPEARING IN OCTOBER 20 EDITION OF "TIME", WHICH CONTAINS MANY INACCURACIES AS FAR AS SPECIFIC COMPANIES MENTIONED. BY AN UNFORTUNATE COINCIDENCE ARTICLE APPEARS JUST AT TIME WHEN GOVERNOR OF CENTRAL BANK EXPRESSED HOPE TO EMBASSY THAT U.S. FIRMS IN PARTICULAR AND FOREIGN FIRMS IN GENERAL WOULD EXERCISE PATIENCE IN COMING TO ANY DECISION TO LEAVE COUNTRY. WHILE LEBANON WAS COUNTING NEITHER ON U.S. ARMS NOR U.S. ECONOMIC ASSISTANCE, THE GOVERNOR GENERAL OBSERVED, IT WAS COUNTING ON THE COMMERCIAL SUPPORT OF THE FREE WORLD. END SUMMARY

1. UNFORTUNATE ARTICLE ON THE STATUS OF U.S. FIRMS LEAVING BEIRUT, WHICH APPEARED IN OCTOBER 20 ISSUE OF "TIME", BUT WAS ELIMINATED BY CENSORS BEFORE LOCAL DISTRIBUTION, COINCIDENTALLY APPEARS AT SAME TIME OF APPEAL MADE TO EMBASSY BY CENTRAL BANK GOVERNOR SARKIS. STATING HE WAS AWARE OF THE FACT THAT IT WAS UNREALISTIC TO EXPECT MILITARY ASSISTANCE OR EVEN FINANCIAL ASSISTANCE DURING THE PRESENT CRISIS, SARKIS SAID THAT WHAT LEBANON HOPED TO COUNT ON AND NEEDED MOST WAS THE SOLIDARITY OF THE AMERICAN BUSINESS COMMUNITY, WHICH HE HOPED WOULD NOT BE TOO HASTY IN REACHING ANY DECISION TO LEAVE BEIRUT PERMANENTLY. SARKIS ADDED THAT HE HAD PERSONALLY DISCUSSED THE PROBLEM WITH PRIME MINISTER KARAME AND OBTAINED THE LATTER'S CONCURRENCE THAT, ONCE CONDITIONS OF NORMALITY WERE RESTORED, A PRIORITY EFFORT HAD TO BE DIRECTED TOWARDS IMPROVING MAIL, TELEX, TELEPHONE AND PORT FANILITIES.

2. SITUATION OF AMERICAN BUSINESS FIRMS IN BEIRUT IS STILL ACCURATELY REFLECTED BY BEIRUT 12539. REGIONAL OFFICE OF CHASE MANHATTAN BANK, HOWEVER, HAS NOT BEEN REMOVED. ON THE OTHER HAND REGIONAL OPERATIONS OF CITIBANK OF NEW YORK HAS BEEN PARTIALLY TRANSFERRED TO AHTENS. GOODYEAR HAS MOVED TEMPORARILY TO ATHENS AND IBM PLANS TO TRANSFER 5 TO 20 MEMBERS OF ITS TOTAL STAFF (WHICH CONSISTS OF 220 LEBANESE AND 15 EXPATRIATES) TO PARIS. IBM HAS DECIDED TO WAIT ONE YEAR BEFORE LIMITED OFFICIAL USE

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REACHING A DECISION ON WHETHER TO COMPLETE ITS OPERATION IN LEBANON. OTHER FIRMS ARE SPEAKING OF A 3 TO 4 MONTH LIMIT.

3. THE SIX AMERICAN BANKS WHO OWN BRANCHES OR MAJORITY CONTROLLED SUBSIDIARIES HAVE NO INTENTION AT PRESENT TO SHUT THESE OPERATIONS DOWN.

4. IN THE INTEREST OF SETTING THE RECORD STRAIGHT WITH REGARD TO THE FIRMS THAT HAVE ALLEGEDLY RELOCATED IN ATHENS ACCORDING TO THE "TIME" ARTICLE IN QUESTION ("GOODBY BEIRUT, HELLO ATHENS"), THE FOLLOWING COMMENT IS OFFERED:

A. FIRST BOSTON CORPORATION: THIS COMPANY HAS NEVER BEEN REPRESENTED IN BEIRUT.

B. CHASE MANHATTAN BANK: CHASE MANHATTAN BRANCH CONTINUES TO OPERATE. SOME DEPENDENTS EVACUATED. SOME MEMBERS OF REGIONAL OFFICE TEMPORARILY TRANSFERRED TO ATHENS.

C. FIRST NATIONAL CITY BANK: TRAINING CENTER TRANSFERRED TO ATHENS ALONG WITH DEPENDENTS. BRANCH REMAINS REGIONAL OFFICE WILL OPERATE OUT OF ATHENS AND BEIRUT.

D. MAGNAVOX: THE ONE MAGNOVOX REPRESENTATIVE DEPARTED SOME TIME AGO.

E. MCDONNELL-DOUGLAS: MCDONNELL-DOUGLAS HAS PERMANENTLY MOVED TO PARIS, NOT ATHENS.

F. BOEING: BOEING HAS TEMPORARILY MOVED ABOUT TWO-THIRDS OF ITS OPERATION.

G. LOCKHEED: LOCKHEED HAS NOT MOVED ITS OPERATION.

H. SHERATON: THE ONE EXPATRIATE OF THE SMALL SHERATION OFFICE HAS MOVED TO BRUSSELS, NOT ATHENS. LIMITED OFFICIAL USE

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THE SHERATION HOTEL PROJECT, HOWEVER, IS STILL GOING FORWARD.

I. GENERAL MOTORS: GM HAS TEMPORARILY MOVED ALL BUT ONE OF ITS EXPATRIATE STAFF TO LONDON.

J. AMERICAN CYANAMID CO.: AMERICAN CYANAMID HAS NOT MOVED.

K. GENERAL ELECTRIC: HAS NOT MOVED.

5. IT SHOULD BE NOTED THAT, INASMUCH AS MOST U.S. FIRMS OPERATE REGIONALLY, THERE IS A HUGE AMOUNT OF TRAVEL WHICH COULD BE ERRONEOUSLY TAKEN TO BE TEMPORARY OR PERMANENT TRANSFER. AS NOTED IN OUR 12539,

CURRENT ATTITUDES OF COMPANIES, AT LEAST FOR THE MOST
PART, IS TO "WAIT AND SEE" BUT, GROWING QUESTION MARK
IS HOW LONG MAJORITY ARE WILLING OR ABLE TO MAINTAIN
THIS FRAGILE POSTURE. WE HAVE RECEIVED OUR NEWSWEEK COPIES
BUT NOTE THAT 4 PAGES WERE REMOVED BY CENSORS SO WE HAVE
NO IDEA WHAT NEWSWEEK IS REPORTING. HOPE IT IS NOT AS
BAD A JOB AS PERFORMED BY TIME.
GODLEY

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